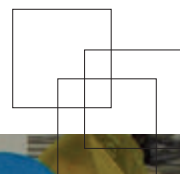




International
Labour
Office

Towards the right to work

**A GUIDEBOOK FOR DESIGNING INNOVATIVE
PUBLIC EMPLOYMENT PROGRAMMES**



Guidance note 6 Targeting strategies and mechanisms in PEPs

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Towards the right to work

A GUIDEBOOK FOR DESIGNING INNOVATIVE PUBLIC EMPLOYMENT PROGRAMMES



Guidance note 6

Targeting strategies and mechanisms in PEPs

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Guidance note 6

Targeting strategies and mechanisms in PEPs



Objective

The objective of this note is to provide an overview of different targeting mechanisms and strategies commonly used in public employment programmes (PEPs)¹ as well as expose them to some of the criticisms and challenges of these mechanisms.

Introduction

A key part of the design of many public employment programmes is the decision to select specific targeting strategies and mechanisms. Apart from universal programmes, which can provide work to all those who request it, PEPs need to include some kind of targeting strategy to:

- ensure that there is consistency between the programme's objectives and those who will benefit from the programme;
- include policies and processes that deal with situations when the demand for work exceeds supply, and a selection needs to be made.

The programme target group and strategy will, to a large extent, be determined by the programme's objectives.

Targeting mechanisms

Programmes that are not universal need mechanisms to ensure that the proposed target group of the programme is reached. There are a number of targeting mechanisms and they can be carried out in different ways:

- *means testing*,² which requires high-quality data that are not available in many countries and may be expensive to put in place, but may be approximated by 'proxy' means-testing methods;
- *geographical targeting*, whereby work is offered to everyone living in areas where there is a high incidence of poverty;

¹ M. Lieuw-Kie-Song; K. Philip; M. Tsukamoto; M. Van Imschoot: *Towards the right to work: Innovations in public employment programmes (IPEP)*, ILO Employment Working Paper No. 69 (Geneva, International Labour Organization, 2011).

² Proxy means testing provides an alternative form of individual assessment, employing more easily observed indicators of well-being that serve as proxies for income, or wealth indicators associated with poverty.

- *community-based targeting*, which uses participatory community structures to identify the poorest members of a community or those eligible according to agreed criteria;
- *categorical targeting*, which provides work to those recognized as belonging to a specific vulnerable category of the population (e.g. indigenous people, youth);
- *self targeting*, offers a below-market wage, based on the logic that only poor people will choose to participate in the programme.

While the type of work offered is generally not seen as a targeting mechanism, in many countries, it has a huge influence on who is eventually employed in the PEPs and should, therefore, be factored into the targeting strategy. People's choice of work differs from country to country and is often heavily influenced by cultural norms and customs. The examples below are illustrative:

- in Kosovo, programmes offering construction-related work attracted no women at all, while forestry- and horticulture-related projects sometimes employed up to 70 per cent of women;
- in South Africa, social sector work, such as home-based care often employed more than 90 per cent of women;
- the physical labour offered on some construction projects is self selecting and it is common for some participants to quit prematurely, as less intensive work becomes available and is more attractive.

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In practice, most programmes use combinations of several targeting mechanisms as shown in the box below.

Box 1. Targeting and rationing in existing programmes

The Mahatma Gandhi National Rural Employment Guarantee Programme or Act (MGNREGA) uses a geographical rationing approach that guarantees work to those who live in rural areas. It also limits work to 100 days a year. For those who live in rural areas, there are no restrictions to participation and all who are willing to do physical labour at the minimum wage are accommodated.

The Productive Safety Net Programme (PSNP) uses geographical targeting (only food insecure rural districts participate) in combination with community-based targeting to identify eligible participants. The criterion used by the community is food insecure households.

The Expanded Public Works Programme (EPWP) uses geographical targeting to allocate funds (a formula to allocated funds across provinces and municipalities that takes into account the numbers of poor and their access to services). It also uses categorical targeting whereby minimum participation targets are set for women (40 per cent), youth (20 per cent) and the disabled (one per cent). The programme also uses a self-targeting approach where, in many cases, the wage rate is set below the minimum wage. In some areas, the criteria used for identifying programme participants at community level are also determined locally.

Targeting or rationing?

Public employment programmes that are not universal – and most are not – typically define a target group and aim to reach it through a series of targeting mechanisms. In reality, there are two processes both of which are often referred to as targeting and which are used interchangeably, even though they have different objectives. The first is targeting to limit participation or ration the work. This is usually necessary when a programme is limited by its budget and is not large enough to offer work to all those who need it. In these circumstances, strategies or criteria are required to manage the exclusion of some participants who may well meet all the relevant conditions the programme has set for participation.

This is referred to as ‘rationing’ and is typically associated with limiting costs, or working within limited budgets, where providing work to those who need it less potentially prevents those who need it more from accessing the work.

The other approach is targeting that strives to increase participation in the programme because many of its intended beneficiaries are not participating. This is sometimes also referred to as limiting ‘exclusion errors’. This arises where many people in need of support are not yet part of

the programme and are unnecessarily suffering as a result. For the sake of clarity this will be referred to as ‘proactive targeting’.

The distinction between targeting and rationing is not always straightforward as programme design is often an iterative process, and target groups and programme scale may be adjusted because of budgetary pressures (rationing) or because of a decrease in unemployment and vulnerability, and thus a reduction in the size of the target group.

Given the different driving forces, however, it is important that this distinction is not lost as it may result in the programme budget influencing the size of the target group, rather than vice versa. A defining feature of an employment guarantee scheme (EGS) in this regard is that it is the demand for work that defines the budget and not the budget that determines how much work can be offered.

Design question: who are we targeting?

- The very poorest in a context in which other social measures are absent – and on a tight budget?
- The most vulnerable in order to provide income security to those exposed to multiple risks?
- The food insecure in order to provide food security in a context of regular food shortages?
- The poor so as to enable them to increase their consumption and investment?
- The disadvantaged, where they were discriminated against in the past and are still suffering the consequences?
- The unemployed who are unable to find work or access any type of unemployment benefits?
- The underemployed so as to complement their income from other employment and livelihood activities?

Targeting performance and inclusion and exclusion errors

The effectiveness of targeting is often quantified with inclusion and exclusion errors. The term ‘Inclusion error’ is used to describe the situation where people who are not part of the defined target group are participating in the programme. A common example is the participation of non-poor in a programme that aims to target the poor. It is worth noting here that, in many contexts, the distinction between ‘poor’ and ‘non-poor’ is largely academic and based on tools such as poverty lines or consumption thresholds.

The term ‘exclusion error’ is used to describe the situation where people who are part of the defined target group are not participating in the programme. A common example is a poor person who was mistakenly classified as non-poor and excluded from participating.

Minimizing either inclusion or exclusion errors requires different approaches. Minimizing inclusion errors focuses on preventing those who are not part of the target group from participating and, thus, has a restrictive approach. Typically, it requires more tightly defined criteria, a more rigorous selection approach, and measures to exclude those who do not fit the criteria. Minimizing exclusion errors requires a different approach and measures may include better information dissemination and awareness raising, and active recruitment of the target group.

An important way of managing targeting is to set clear criteria for participation in the programme. The approach to setting these criteria influences whether the programme will be more inclusionary or exclusionary. Table 1 provides an overview of the different criteria and how they are applied.

Often, actions to reduce one kind of error may cause another to increase. For example, the introduction of more stringent rules to screen out the non-poor will also make it more difficult for the poor to provide the necessary information. Thus, while meant to reduce errors of inclusion, it may also lead to errors of exclusion.

The fact that both types of targeting errors will occur, and are generally inversely linked, means that policy-makers must decide to what extent they can be tolerated. An inclusion error wastes programme resources (e.g. by leaving less for ‘poor’ households or by increasing the budget required to have the same poverty impact), thus making the programme inefficient. An exclusion error deprives the individual of help and makes the programme ineffective at reducing poverty. Both are undesirable, and different policy-makers may have different views about which is worse³.


³ Coady, D.; Grosh, M.; Hoddinott, J. *Targeting of transfers in developing countries: Review of lessons and experience* (Washington DC, The World Bank, 2004).

Table 1. Targeting criteria

Criteria	Description	Rationing approach	Targeting approach
Willingness to work under programme conditions	Basis of self-targeting programmes that use the wage rate, sometimes in combination with the type of work to attract only those who are part of the target group	Sets the wage rate low to limit attractiveness and participation; hard physical work only attractive to poor people	Sets the wage rate high to ensure that the programme is attractive and maximizes the net wage gain
Geographical	Limited to a specific area or type, such as rural areas, or specific municipalities, or spatial poverty traps	Limits the programme to only the poorest or most needy areas with high levels of poverty	Ensures that within the geographical areas there are no measures to prevent participation
Categorical	Only those who belong to a specific category are eligible, i.e. youth, long-term unemployed, unskilled	Limits programme to specifically defined categories	Ensures that the categorical definition does not exclude others who may be needy or deserving
Gender	Programmes may be giving priority to the participation of women, or they may be exclusively for women	Limits the participation of men	Takes active measures and includes design approaches to ensure that women are able to participate (see Box 2)

Criteria	Description	Rationing approach	Targeting approach
Household participation	Only one participant per household	Limits the work provided to households with multiple adults to the possible exclusion of other deserving households	Ensures that work can be rotated/shared within the household
Type of household	Only households with children and unemployed members; female-headed households; only food insecure households	Includes household categories that are the most vulnerable	Ensures that household types are defined in a way that does not limit deserving households
Household income	Only households below a certain income level	Sets household-income threshold low to focus only on the most needy	Sets household-income level high so as to ensure that those vulnerable and with fluctuating household incomes are not excluded
Includes participation of those with other duties and livelihood activities	Part-time work, limited to a few hours a week to enable targeting of those with other duties or livelihood activities to work and complement their income	May not be attractive to those who are able to work full-time	Prevents the exclusion of labour-poor households





In reviewing this menu of targeting options, policy-makers should bear in mind two important considerations⁴. First, individual targeting methods are not mutually exclusive and can be used in different combinations and sequences. In fact, the use of a single targeting method is not the norm and many programmes use two or more methods. Second, there is the question of ‘who’ targets and ‘who’ implements these interventions. Actors can include central government officials, lower state, municipality or district level officials, private sector contractors and community members, such as teachers, health clinic staff and elders. Deciding whether to decentralize both the identification of beneficiaries, as well as the provision of the programme, hinges on several factors including:

- which actors can provide the most cost-effective source of information on individual, household or locality circumstances;
- which actors can deliver the intervention most cost-effectively; and
- whether different actors have the incentive to target and implement activities to achieve the programme’s objectives with the highest possible efficiency and effectiveness.

Proactive targeting and recruiting

Most of the targeting mechanisms described above seek to restrict participation in the programme to those who fit the defined parameters of the target group. But what if those in the target group are not coming forward to participate in the programme? Is there less demand for the programme than was anticipated? Or do those in the target group simply not know about the programme? Do they know and want to participate but there are other issues, such as gate keeping, preventing them from coming forward? Or are there flaws in the registration and recruitment process?

It is possible that certain features and procedures of the programme appear fair and unbiased but, in effect, indirectly discriminate against women or a particular group of women (e.g. heads of households, divorced and abandoned women), an ethnic group, or a particular community. For example, recruiting workers just a few hours or a day before the work itself prevents women with family responsibilities from making suitable child-care arrangements or reorganizing their domestic chores in time to participate in the project; disseminating information only in public places or government offices which are frequented mainly by men or people from the dominant social class due to norms and practices effectively excludes many; limiting participants to one per household could disenfranchise female members from the programme because income and benefits are not always equally shared within the household.

⁴ Ibid.

Measures that ensure members of the target population enjoy equal opportunities in participation may be required. One important factor is ensuring that the target group is well informed about the programme and any rights or entitlements they may have under the programme. For instance, in MGNREGA, many people were initially not aware that they had a legal right to request 100 days' employment and just took whatever number of days offered to them, even though they may have wanted more. Civil society and nongovernmental organizations (NGOs) can play an important role in ensuring that information is made available, and communities are made aware of their rights to ensure that all those who may want and need work know that they can get it through the respective programmes.

Box 2. Measures to ensure women's equal participation (or to reduce the exclusion of women in target populations)

Are 'special' efforts necessary to get women on board in infrastructure programmes and to make sure that they are not neglected? The experiences of the programmes across different regions and countries clearly point to the need for specific strategies and activities to reach poor women, and a wide range of measures have already been proposed and undertaken to do so. Perhaps the simplest (though not necessarily the easiest) is extensive information dissemination using multiple channels of communication to ensure that women know that they can apply for construction jobs, submit proposals for infrastructure, and so on. Other measures involving financial, manpower and management resources are:

- a) sensitization of national and local leaders, and technical staff, to women's interests; and negotiations and consultations with them to experiment and adopt measures appropriate to women;
- b) the use of quotas;
- c) transparency in the recruitment process;
- d) social mobilization of poor women to encourage their participation in construction, beneficiaries' or users' committees and village meetings through the help of organizers, community facilitators or specialists in women's activities, or through the strengthening of women's associations as intermediary institutions;
- e) the development and experimentation of alternative programme strategies and operational modalities regarding recruitment, training, planning, the participatory process, and the conditions of women's work in construction; and
- f) studies on women's participation and the benefits to aid programme planning.

Source: A. King Dejardin: *Public works programmes, a strategy for poverty alleviation: The gender dimension*. Issues in Development Discussion Paper 10. (Geneva, Development and Technical Cooperation Department, International Labour Office, 1996).

Apart from information, there are also specific design measures that can make it easier for particular target groups to participate in these programmes. Some well-tested methods include:

- offering work that is flexible and part-time so that other duties can still be accommodated;
- offering work close to home;
- ensuring a safe working environment and, if required, taking measures to improve safety travelling to and from work;⁵
- offering child-care facilities at the place of work;
- ensuring access to privacy for ablution purposes;
- providing work on a task rather than time basis, allowing women to plan their work around their other commitments and duties.

Another factor is the nature of the recruitment process. For example, project-based recruitment processes, where hiring decisions are not transparent or are made by contractors or individuals that have had a greater tendency to show bias against certain target groups, in particular, women and youth. Care should be taken to avoid giving control for recruitment to people who might take bribes to provide work to participants. If not, it is



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⁵ Participants are referred to the paper by King-Dejardin cited in the further reading section for a detailed discussion on measures to target and enhance the participation of women in public works programmes (PWPs).

often very difficult to reach the target groups and the recruitment process may have to be changed to ensure that there is broader participation in such decision-making, in particular, by members of the groups being targeted.

The way in which contracts are designed also influences recruitment. If the criteria for success and payment of outputs are too rigid (the delivery of a particular asset or service to a particular standard within a particular timeframe), the interests of the contractor will lie with issues of efficiency and productivity, and will be best served by appointing people with prior work experience and an appropriate skill level for the job.

The reason for targeting a particular group of people, however, is because they are under-represented in the workforce, or face particular barriers to access. As a result, they are least likely to have prior work experience or skills. So, whatever the initial causes of such exclusion, its effect will be perpetuated in selection biases in the labour market. In addressing such biases, a PEP cannot expect to rely on the same selection mechanisms used in the wider labour market, nor can contractors be expected to carry the costs of this wider market failure without it being structured into the success criteria and, where necessary, the costing of the programme.


Where the main purpose of a PEP is to facilitate labour market access for a disadvantaged group, consideration should also be given to other instruments for doing so. These may include forms of labour market intermediation that encourage the hiring of particular categories of worker, or incentives for employers to do so.

Some criticisms of targeting as opposed to universality

This section is an excerpt from *Extending social security to all: A review of challenges, present practice and strategic options (draft for discussion at the Tripartite Meeting of Experts on Strategies for the Extension of Social Security Coverage), Geneva, 2–4 September 2009, ILO*.

Explicit arguments to support targeting are related to affordability, efficiency and income equality. Quite simply, it is argued that because targeted programmes have a lower number of beneficiaries than universal programmes, they are less expensive and more sustainable. By focusing income redistribution on the poor, targeted interventions in theory⁶ create the same poverty reduction outcome with fewer resources and, for that reason, are more efficient. For the same reason, targeted interventions are also seen as more powerful tools for reducing income inequalities than universal redistribution mechanisms.

⁶ It is supposed here that well-targeted interventions will cover the same number of poor people as universal ones and with a similar amount of benefits.



These powerful arguments have played, and continue to play, a major role in the widespread implementation of means-tested or similarly-targeted programmes throughout the world. In spite of this, their conceptual basis has been challenged in a number of aspects. Several areas of criticism can be distinguished.

Firstly, some of the arguments in favour of targeting de-link one intervention, the targeted programme, from the broader context of social and fiscal policies. Thus the influence of this context on income distribution and inequality in a society is not given the consideration it merits. While the preference for universalism tends to be related to a strong concern for equity and for progressive taxes, the preference for targeted intervention is generally represented in a set of policies and guided by ideology where equity is less prominent and tax less progressive.⁷ This argument is advanced by authors such as Mkandawire (2005). He concludes that, “levels of equality are higher in societies pursuing universalistic policies than those that rely on means-testing and other forms of selectivity”. In the same vein, Korpi and Palme (1998) formulate what they call “the paradox of redistribution:⁸ the more we target benefits on the poor only, and the more concerned we are with creating equality via public transfers, the less likely we are to reduce poverty and inequality” (ibid.).

Secondly, the arguments put very simply as above fail to consider the dynamic character of poverty. As illustrated earlier in Table 1.1 in Chapter 1, at a given date, a large proportion of those who are presently poor were not poor in previous years. Firstly, targeting transfers at the poor only does not by any means prevent poverty. Secondly, the dynamic aspect of poverty means that in any given period, there can be much larger numbers of the newly-poor than might be anticipated, dealing with whose needs can lead to levels of associated administrative costs considerably higher than expected when compared with more universalistic interventions. More generally, as Krishna (2007) has stated: “Controlling the generation of new poverty is – or should be – an equally important objective of poverty reduction ... By focusing resources upon those who are already poor; it [targeting] directs attention away from others who are falling into poverty”.

Thirdly, the arguments above, which centre on the particular efficiency of the targeting programmes, are general statements that have been strongly challenged in the context where the share of the poor population is high (with the result that any “savings” resulting from targeting are likely to be low), and the implementation of targeting is costly and difficult, leading to both important inclusion and exclusion errors; such scenarios are typical in


⁷ In relation to this first observation, it should be noted that a means-tested programme with a very redistributive design and effective implementation may achieve limited redistribution if spending is low or is financed through regressive taxation.

⁸ This “paradox” is described in the “classical” literature on poverty, although challenged by several authors.



low-income countries. More generally, it is argued that not all methods of targeting are suited to all kinds of benefits, or have the same effectiveness regarding inclusion/exclusion errors; statistical and administrative demands are very divergent. And, in the end, the same is true of costs.

The issue of targeting cost is an area in itself for debate and it is argued that some of its methods can be costly. The case of means-testing presents an example in which the cost of implementing the targeting method can come to represent a high share of the total cost of a programme. This arises because identifying the poor accurately, where there is a lack of reliable population data (and data systems), and updating this information, is very complex and costly. Nevertheless, some programmes have been able to implement targeting through proxy means-testing at low cost. It has been noted generally that, the more efficient the targeting mechanism is (reduced inclusion error), the more expensive and the more it may induce exclusion errors. In summary, it is impossible to assess the costs of targeting without reference to the inclusion and exclusion errors generated. This is stated succinctly in the conclusion of an Asian Development Bank study (Weiss, 2004) which states that: “With relatively high level of leakage the expectation is that in practice most targeting measures have been high-cost means of transferring benefits to the poor”.



Finally, some argue that targeting costs should take into account not only direct administrative costs of implementation, but also the indirect costs to programme participants. This means that programmes with low administrative costs (as is often the case with self-selection methods), can still be very expensive when the costs incurred by participants are considered. Some examples relate to the cost of time spent, transportation, loss of other income opportunities, fees (and sometimes bribes) required for acquiring the necessary documentation, the possibility of stigma, the erosion of self-esteem and community cohesiveness, and the potential undermining of informal support networks.

Another controversial area surrounding targeting is its possible exclusion effect. On one hand, those in favour of targeting point out that the programmes minimize exclusion because their design makes them more sensitive to the specific needs and capacities of the poor⁹. This design sensitivity, it is argued, is perhaps more prevalent than in universal programmes where the design is based on a “standard household”. On the other hand, argue that targeting increases exclusion by setting conditions (relating to income or wealth) which are difficult to assess, by generating direct and indirect costs for potential beneficiaries, or by being too demanding for implementation by local institutions.^{10,11}

While this discussion is by no means exhaustive, we conclude this subsection with two final remarks.

It is important to bear in mind the technical complexity and the heterogeneity of experiences in targeted schemes and their empirical outcomes. It is these characteristics that have fuelled, and promise to prolong, the debate on targeting according to personal resources or status. It is also true that this debate is inextricably linked with political factors. Beyond the purely technical issues, politics and ideology have influenced the relative inconclusiveness of the debate on the relevance of targeting, and fundamentally set the context for the questions of whether to introduce resource-based targeting and the definition of resource thresholds that define who is or not eligible. These questions are themselves, to an important extent, based on values, reflecting the power that different actors in the political arena have, to promote their values and interests. It appears that targeted programmes have enjoyed a particular political legitimacy

⁹ The Mexican Conditional Cash Transfer Programme *Oportunidades* is a good example of a targeted programme which presents relatively low inclusion error and low administrative costs (including targeting): less than 4 cents per invested peso (SEDESOL, 2009).

¹⁰ Local institutions may have a restricted capacity to apply some targeting methods and for that reason they have a limited capacity to be able to deliver benefits.

¹¹ Having said that, it should also be underlined that factors other than targeting or universalism generate exclusion, such as potential beneficiaries being poorly informed about benefits, the difficulty of accessing benefits due to the non-availability of banks or mail services in some areas, geographical isolation, discrimination, stigma and so on.

during the last decade, perhaps because they are perceived as fair, in the sense that they claim to address those most in need, and/or because they cost less than universal programmes and thus consistent with balanced public budgets. The suspicion exists, too, that the process of defining eligibility for benefits does not always meet appropriate standards of independence and transparency.

Finally, in this area, as with many other aspects of social protection, each choice entails its own advantages and disadvantages. It is important to consider these advantages and disadvantages, not in isolation, but in a comprehensive way. As shown above, improving some aspects may have negative effects on others. The debate on targeting based on conditions relating to income, wealth or other resources invariably tends to uncouple the discussion from specific programme objectives, their context of implementation and the characteristics of beneficiaries. Targeting is no more than a tool whose relevance and design should first be assessed according to its contribution to those objectives. Regarding the objective of poverty reduction, effective targeting programmes have proven to have very positive outcomes as illustrated in Supplement B in Part B of this report. Nevertheless, they should neither be considered as the only form of transferring income efficiently to the poor, nor as sufficient to fight poverty alone.



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Further reading

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Checklist

TARGETING STRATEGIES AND MECHANISMS	
Respond to the following questions	<input checked="" type="checkbox"/>
Who is the PEP targeting?	
Households or individuals	
How many can participate (in a household)?	
Can immigrants and foreigners participate or only nationals?	
What are the advantages and disadvantages of setting age limits or gender quotas?	
What vulnerable groups are we targeting? For example:	
Youth (15–24)	
Women	
Women-headed households	
Households with children	
Displaced people (e.g. post conflict reconstruction)	
People with disabilities	
People in conflict with the law	
People infected and affected by HIV/AIDS	
Are there any mechanisms in place to ensure equitable access to the programme?	
How can women's participation be encouraged (e.g. consider cultural sensitivities)?	
Community-based works, social works (e.g. child care), horticulture	
Providing child care, time off for breast feeding	
Consider whether or not to encourage skilled youth to join PEPs and, if so, how	
Community-based works, social works	



Notes



A series of horizontal dotted lines for taking notes.

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